

**ENERGY POLICY:
COUNTY EXECUTIVE'S ANNUAL REPORT
TO THE COUNTY COUNCIL**

October 30, 2000

Chapter 18A - Energy Policy - of the County Code, requires that the County Executive report to the County Council by October 31 of each year about the continuing appropriateness of the Energy Policy adopted in 1995. The code also calls for development of an annual energy work program and establishment of long range goals to accomplish the policy objectives. The Department of Environmental Protection is responsible for implementation of the Code requirements. Following is the fifth annual report.

ENERGY POLICY REVIEW

The Montgomery County Energy Policy was originally adopted in 1995. In October of 1999, the County Executive recommended limited changes to the Energy Policy. These changes updated the Policy in response to new developments in energy technology and the deregulation of the electric power industry. In February of 2000 the Council approved the revisions to the Policy. The following is a list of each of the twelve points of the revised energy policy accompanied by highlights of activities that were completed or underway during FY '00.

1. Continually improve the efficient use of all energy resources in order to insure a future with a secure and sustainable energy supply. Fuels availability and the need to improve air quality may limit energy use of fossil fuels.

This item of the Energy Policy was amended this year to strengthen the first sentence and to begin the Policy with a positive statement. Previously the first sentence read, "Prepare for a future consistent with energy resource constraints." The Policy now focuses on continuing or ongoing efforts, and on sustainability, which is defined as, "...meeting the needs of the present without compromising the ability of future generations to meet their own needs."

The implementation of this Policy item requires continuing review of and improvements to the ways in which the County manages energy resources. For example, each County agency develops a Resource Conservation Plan every year outlining progress that has been made toward improved energy efficiency and plans for future projects and programs. The Interagency Committee on Energy and Utility Management (ICEUM) compiles these plans into a single document for presentation to the Council, and for information exchange among agencies and interested parties.

This year ICEUM began a process of designing a uniform format for the Energy Conservation Plans. This will require changes in data collection methods for some agencies. The result will be an improved program for tracking, evaluating and reporting the results of energy efficiency efforts, and should lead to better strategic planning in regard to energy resources.

2. **Seek creative ways that the public sector can take advantage of cost-saving opportunities presented by utility restructuring, including undertaking an aggregated cooperative competitive procurement of electricity supply at the earliest opportunity practicable; look to increase the amount of clean and renewable energy purchased in a competitive marketplace; and serve as an education and information resource about restructuring for the County's residents and businesses.**

This item was added to the Energy Policy this year in responses to changes in the electricity marketplace. Implementation during the current year has been highly successful. Continued efforts will be made to track the implementation of electric utility deregulation as it effects County government, residents and businesses; and to provide education on deregulation to consumers of electric power.

In July of this year the electricity market in Maryland opened to retail competition. In October the County successfully completed a competitive procurement of electricity. This was the result of a two year effort to coordinate County agencies to prepare for a joint purchase of electricity supply. An extraordinary level of interagency cooperation was achieved. Six County agencies and ten municipal agencies combined resources to procure a large block of electric supply.

The resulting aggregated, cooperative, competitive procurement provided the County with \$2.2 million in energy cost savings. In addition, environmental benefits were realized through the purchase of an electricity product with an environmentally preferable generation mix. The winning bidder, Washington Gas Energy Services (WGES), produces over half of it's electric power using natural gas. Natural gas is the most benign fossil fuel, and produces considerably lower air emissions than coal or oil. Also, WGES will generate 3% of the electricity it provides to the County using clean or renewable energy resources.

The Department of Environmental Protection, in conjunction with the Department of Housing and Community Affairs, established a consumer education program to inform County residents and businesses of the deregulation of electric utilities and its effect on them. This program supplements the state-wide consumer education effort, and provides additional information on the relationship between electricity consumption and environmental emissions.

3. **Integrate energy consumption and sustainability considerations into land use, development and transportation planning as a means of evaluating the impact of growth and development on energy consumption and the environment in the County.**

Improvements in development practices and land use are essential to meet transportation challenges and maintain the quality of life in Montgomery County. This policy goal continues to be applicable. The Department of Environmental Protection continues to pursue this goal through the review of Master Plans for energy efficiency considerations,

and will continue to seek input into the environmental performance objectives of the Maryland National Capital Park and Planning Commission.

4. Increase energy efficiency in County facilities and vehicles; work with the private sector to encourage enhanced energy efficiency for commercial buildings, dwellings & vehicles.

County facilities continue to become more energy efficient as new construction and renovations are made in accordance to the County's Energy Design Guidelines. In addition, the Division of Facilities Services has begun incorporating the principles of the U.S. Environmental Protection Agency's "Energy Star" Program into the existing program of facility assessments. The DPWT Division of Fleet Management Services continues to improve the efficiency of the County fleet through and aggressive preventive maintenance program and the purchase of newer fuel-efficient vehicles.

The Department of Environmental Protection recently began a campaign to promote the use of solar energy in residential and commercial buildings. This campaign expands upon the State of Maryland's solar grant program by providing information to consumers and community groups on the availability of grants, tax incentives, and net metering for solar installations.

5. Promote increased use of alternative-fueled vehicles in the County fleet, and in private fleets that operate in the County.

Advances in technology have made alternative-fueled vehicles a viable option for reducing air emissions resulting from the consumption of gasoline and diesel fuels. The availability of compressed natural gas powered vehicles and the infrastructure to support them has enabled the County to increase it's use of this technology. Therefore the County Energy Policy was amended to include this item.

This year the County purchased nineteen new busses that are fueled by compressed natural gas. With this addition, the fleet is now 10% natural gas powered. The Division of Fleet management services has also explored the use of electric vehicles and the use of bio-diesel fuel in vehicles currently powered by diesel. The Energy and Air Quality Advisory Committee has conducted research on the different types of alternative fuels and vehicles that are now available, and is prepared to offer information and technical support to the DPWT Division of Fleet Management Services.

Hybrid-electric vehicles became available to the general public this year. The Department of Environmental Protection currently provides County residents with information on the fuel efficiency and operating characteristics of hybrid vehicles, new tax incentives for the purchase of hybrid vehicles, and other alternative forms of transportation.

6. Integrate requirements for greater energy efficiency into commercial and residential building codes and effect adequate energy code enforcement.

In 1997 the County adopted BOCA 96 and the International Mechanical Code (IMC) with amendments to the ventilation section of IMC. This brought the County into compliance with the federal Energy Policy Act, and improved the energy efficiency requirements of commercial and residential building codes. Since then the Department of Permitting Services Division of Building Construction has enforced the updated codes, and reviews applications for new construction and renovations within the County.

7. Promote the efficient use of energy through example, education, and legislation.

In July of 2000, the County Council passed a resolution to make Montgomery County a participant in the Cities for Climate Protection campaign. This campaign commits the county to conducting an analysis of all greenhouse gasses produced within the County, forecasting future emissions of greenhouse gasses, setting a target for the reduction of emissions, and developing an Action Plan to effectively reduce greenhouse gas emissions.

The consumer education campaign for electric utility deregulation provides County residents and businesses with up-t-date information on Customer Choice and the selection of an electricity supplier. The campaign has incorporated printed materials, press releases, appearances on cable television, a table-top display, training of County employees, participation in community events, and a web site.

Through these and other efforts the County continues to be a leader in energy efficiency and environmental protection.

8. Support government funding for projects that promote public and multi-person modes of transportation as one means of conserving energy, alleviating traffic congestion and reducing harmful emissions. Use legislative, regulatory and fiscal policies to discourage use of single-occupancy vehicles and encourage use of mass transit.

The County continues to provide mass transit services through the Ride-On busses, and allows residents to ride free during code red ozone events. The County also supports employee use of car pools and van pools and provides financial reimbursement to employees who use public transportation to commute to work.

9. Educate the citizens of Montgomery County to the importance of more efficient energy consumption and the direct linkages between energy usage and a healthy environment.

The consumption of fossil fuels directly impacts local air quality and the global environment. The Cities for Climate Protection campaign will incorporate public participation and education as the development of the Action Plan proceeds. The recent threat of West Nile virus presents an opportunity to alert County residents of the link between fossil fuel consumption and the health effects associated with global climate change.

The County's consumer education campaign on electric utility deregulation currently provides information on selecting an electricity supplier, the advantages of "green" energy, the environmental impacts of electricity generation and consumption, and energy efficiency measures. The Department of Environmental Protection also provides outreach and education on energy efficient landscaping, the effects of energy consumption on the Chesapeake Bay, solar energy, and information on tax incentives for the purchase of energy efficient appliances and hybrid-electric vehicles.

Programs to address the problem of ground-level ozone include public awareness and "Ozone Action Days" during which citizens are alerted as to the presence of unhealthy ozone levels, provided a hotline for information, and instructed in ozone reduction measures. These measures include refueling vehicles after 7:00 p.m., limiting the use of lawn maintenance equipment, restrictions on open burning, curtailment of asphalt paving, herbicide use, and roadway paint striping, and curtailment of the County's Resource Recover Facility to 70% of capacity.

10. Seek intergovernmental cooperation in developing effective, cost-efficient methods to meet the requirements of federal energy and environmental legislation.

The primary pieces of federal legislation providing guidance for local government on energy issues are the Energy Policy Act of 1992 and the Clean Air Act Amendments of 1990. Montgomery County continues to participate in the activities of the Metropolitan Washington Council of Governments to develop regional cooperation on air quality and energy issues.

Since there has been no federal legislation on electric utility deregulation, the State Customer Choice Act governs the implementation of deregulation in Maryland. The County has been actively involved in the Public Service Commissions's implementation of the Act, and is represented on several of the PSC's working groups. In order to address deregulation at the County level, the Interagency Task Force on Deregulation was formed. It is through the efforts of this Task Force that the County undertook a cooperative competitive procurement of electricity this year.

11. Encourage the reduction of per capita energy consumption in Montgomery County from 1995 base levels by 20% by the year 2010; support further per capita reductions in energy consumption thereafter as deemed practicable and appropriate.

This item of the Energy Policy was modified to change the base year from 1990 to 1995, and the target year from 2005 to 2010. This change was needed because data on energy use dating back to 1990 is unavailable for non-government facilities. Data is currently available for County facilities, residential dwellings, and non-residential buildings throughout the County beginning in 1995.

The 20% reduction goal is ambitious, but not impossible. Building codes and improved construction techniques greatly increase the energy efficiency of new construction. Technological advances in home appliances, motor vehicles and lighting bring additional reductions in energy use. The 20% goal for energy use reduction can be mirrored in the greenhouse gas emissions reduction target that will be set under the Cities for Climate Protection campaign. This will provide a framework for tracking energy consumption and targeting areas where reductions can be made most effectively.

12. Recognize and reward individual initiative and collective efforts that contribute to the County's energy/environmental policy goals.

Montgomery County participated in several programs in which our collective effort was recognized this year. The National Association of Local Environmental Professionals prepared a report on local clean air innovation in which Montgomery County was recognized for its twelve point Energy Policy. The International Council for Local Environmental Initiatives presented Montgomery County with an award in recognition of the County's participation in the Cities for Climate Protection campaign. In addition, the U.S. Environmental Protection Agency prepared a case study on Montgomery County's implementation of the "Energy Star" program.

The Energy and Air Quality Advisory Committee continued to recognize individual effort through its science fair awards program. This year EAQAC presented two winning high school students with savings bonds and awards in recognition of science fair projects which highlighted air quality and energy efficiency issues.

DEP ENERGY WORK PROGRAM AND LONG TERM GOALS

Work Program - FY01:

DEP staff will continue to monitor the implementation of Utility deregulation in FY01. This will include continued participation in the statewide consumer education campaign administered by the Maryland Public Service Commission, and the development and distribution of information resources for Montgomery County residents and businesses. Staff will continue to serve on the Public Service Commission's Consumer Education Advisory Board as an interested party.

Staff will conduct education and outreach to encourage County residents and businesses to purchase renewable energy or "green" power in the competitive marketplace. In addition, DEP staff will continue to serve on the Public Service Commission's Environmental Disclosure

Working Group, and will provide County residents and businesses with education on the new Environmental Information labels that will be distributed by electricity suppliers beginning in FY01.

Efforts to promote and implement energy efficiency will continue. Staff will continue to provide support for the Montgomery County Energy & Air Quality Advisory Committee and chair the Interagency Committee on Energy and Utility Management. Staff will also continue to serve on the Montgomery County Task Force on Electric Utility Deregulation.

Participation in the international Cities for Climate Protection Campaign will include the completion of an analysis of greenhouse gas emissions produced within the County and a forecast of future emissions levels. An emissions reduction target will be set within the coming year, and initial steps will be taken to develop a local Action Plan to reduce greenhouse gas emissions.

In addition, staff will pursue special initiatives including: seeking methods for improving the County's environmentally preferable and energy efficient procurement practices, promoting the State's Solar Roofs Program to County residents, and expanding awareness of the effects of fossil fuel consumption on the local environment, the global climate, and human health.

Long Term Goals:

Utility Deregulation:

Continue to monitor and participate in the implementation of The Customer Choice Act in Maryland. Strive to ensure that County facilities, residents, and businesses are well informed of changes resulting from deregulation, and are prepared for the termination of Standard Offer Service in 2004.

Sustainability:

Seek ways to further the concept of sustainable communities and sustainable development. Sustainability is inextricably linked to environmental programs which promote the increased use of renewable resources and the efficient use of non-renewable resources. Implementation over a period of time of each item on Montgomery County's 12-point energy policy would help build a sustainable community.

Energy Efficiency:

Continue to improve the efficient use of energy resources in County facilities and fleets, and provide information and assistance to County residents and businesses to increase awareness of energy efficiency opportunities and help in implementing energy efficiency improvements.